

C. DUKES SCOTT
EXECUTIVE DIRECTOR

P.O. Box 11263
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DAN F. ARNETT
CHIEF OF STAFF

173981

VIA HAND DELIVERY

May 13, 2005

Mr. Charles L.A. Terreni
Chief Clerk/Administrator
South Carolina Public Service Commission
101 Executive Center Dr., Suite 100
Columbia, SC 29210

RECEIVED
2005 MAY 13 PM 4:40
SC PUBLIC SERVICE
COMMISSION

Re: Application of Haig Point Utility Company, Inc. for Approval of an
Adjustment in Rates and Charges for Water and Sewer Services
Docket No. 2005-34-W/S

Dear Mr. Terreni:

For your docket, please find enclosed a copy of the Office of Regulatory Staff's First Continuing Data Request which was served on counsel for Haig Point Utility Company, Inc. Also, if you would please date stamp the extra copy and return it to me via courier.

Please let me know if you have any questions.

Sincerely,

Wendy B. Cartledge

Wendy B. Cartledge

WBC/rng
Enclosures

cc: G. Trenholm Walker, Esquire

BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. 2005-34-W/S

RECEIVED
2005 MAY 13 PM 4:40
SC PUBLIC SERVICE
COMMISSION

IN RE: Application of Haig Point Utility)
Company, Inc. for Approval of an)
Adjustment in Rates and Charges)
For Water and Sewer Services)
_____)

CERTIFICATE OF SERVICE

This is to certify that I, Rena Grant, an employee with the Office of Regulatory Staff, have this date served one (1) copy of the **OFFICE OF REGULATORY STAFF'S FIRST CONTINUING DATA REQUEST** in the above-referenced matter to the person(s) named below by causing said copy to be deposited in the United States Postal Service, first class postage prepaid and affixed thereto, and addressed as shown below:

G. Trenholm Walker, Esquire
Pratt-Thomas, Epting & Walker, P.A.
Post Office Drawer 22247
Charleston, SC 29413



Rena Grant

May 13, 2005
Columbia, South Carolina

RECEIVED
JUN 13 1966
FBI - NEW YORK
COMM-FBI
FBI - NEW YORK

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limited to, statements, contracts, agreements, reports, opinions, graphs, books, records, letters, correspondence, notes, notebooks, minutes, diaries, memoranda, transcripts, photographs, pictures, photomicrographs, prints, negatives, motion pictures, sketches, drawings, publications, and tape recordings. As used in this data request, "address" means home address, mailing address, and business address.

Wherever in this data request a masculine pronoun or possessive adjective appears, it refers to both males and females in accordance with traditional English usage.

IT IS HEREIN REQUESTED:

- A. That all information shall be provided to the undersigned in the format as requested.
- B. That all responses to the requests below be labeled using the same numbers as used herein.
- C. That each of the enumerated data requests be reproduced at the beginning of each of the responses.
- D. That if the requested information is found in other places or in other exhibits, reference not be made to those, but instead, that the information be reproduced and placed in the data request in the appropriate sequence.
- E. That any inquiries or communications relating to questions concerning clarifications of the data requested below be directed to the undersigned.
- F. That all exhibits be reduced to 8 ½" x 11" format, where practical.
- G. That the requested information be bound in ring binders (loose leaf notebooks) or otherwise suitably bound.
- H. That in addition to the signature and verification at the close of the Company's responses, the Company witness(es) or employee(s) responsible for the information contained in each response be indicated.
- I. That the Company provide to the Office of Regulatory Staff two copies of the responses to this data request as soon as possible but no later than ten (10) days after service thereof.

- J. If the response to any data request is that the information requested is not currently available, please state when the information requested will be available.
- K. This data request shall be deemed to be continuing so as to require the Company to supplement or amend its responses as any additional information becomes available.

QUESTIONS

- 1.1 Describe any construction and/or upgrades proposed or taking place at Haig Point Utility Company, Inc.
- 1.2 Describe the reason for the request for an increase in charges for water and sewer service to customers of Haig Point Utility Company, Inc.
- 1.3 Provide information on the following:
 - a. How many taps have been connected to the systems owned by Haig Point Utility Company, Inc. from inception of the system to the present?
 - b. What is the maximum number of taps that can be installed on the present system?
 - c. How many taps were provided during the period ending June 30, 2002, 2003, and 2004?
 - d. How many taps do you anticipate making per year during the next five years?
 - e. What were the total costs expensed for taps each year during the period ending June 30, 2002, 2003, and 2004?
 - f. What were the total costs capitalized for taps for each year during the period ending June 30, 2002, 2003, and 2004?
- 1.4 List the names and business titles of all people who provided information for preparation of the Application tables and exhibits. Indicate who calculated the numbers for each table and exhibit and list the appropriate table and exhibit next to the individual's name.
- 1.5 Provide a detailed listing of the number of residential and commercial customers as of June 30, 2003, June 30, 2004 and May 1, 2005. Provide a detailed breakdown by customer classification and service type provided.
- 1.6 Are there any outstanding loan agreements involving Haig Point Utility Company, Inc.? If so, please provide a copy of the loan agreement(s) with the amortization schedule(s).
- 1.7 Is the state's tax credit for pollution control equipment being claimed by Haig Point Utility Company, Inc. during the test year for any construction activities? If so, what is the tax credit (or expected tax credit), and where is it included in the financial information submitted with the Application?

- 1.8 Is the state's tax credit for any construction or improvement of an infrastructure being claimed by Haig Point Utility Company, Inc.? If so, what is the tax credit (or the expected tax credit), and where is it included in the financial information submitted with the Application?
- 1.9 Provide a detailed breakdown for the salary/wages category for the employees of Haig Point Utility Company, Inc. List the employee's name, amount paid and to be paid to the employee, and the duties performed by the employee.
- 1.10 Provide a list of assets being depreciated, date acquired, basis for depreciation, and its service life used. Provide a depreciation schedule for Haig Point Utility Company, Inc. plant and all equipment.
- 1.11 During the test year, and the period after the rate increase, are there any separate "DHEC Fees" being charged to the customers? If so, what amounts? Provide details.
- 1.12 Provide details and documentation regarding any DHEC fines. If there are any, for what reasons and in what amounts were the fines issued? Provide a copy of all notices of violation and orders issued by DHEC to Haig Point Utility Company, Inc. during the period of 2000 through 2005. Does Haig Point Utility Company, Inc. have any outstanding noted violations by DHEC? If so, what are the violations? Provide a copy of the documentation by DHEC that outlines these potential violations.
- 1.13 What land & land rights does Haig Point Utility Company, Inc. own? Provide the locations of the land and land rights owned by Haig Point Utility Company, Inc. Indicate the years each was placed in service and its purchased price. Does this include the business office in Beaufort County, South Carolina? What are the values of these assets?
- 1.14 Subsequent to the last rate case, has there been any change in the ownership of Haig Point Utility Company, Inc.? If so, provide a listing of the owners of the Company. Was the change in ownership approved by the Commission? If so, please identify the docket in which the Commission addressed the change of ownership of the Company? Identify the current owners of Haig Point Utility Company, Inc.
- 1.15 List by year the total number of bills issued to customers during the years ending June 30, 2002, 2003, and 2004.
- 1.16 Provide a schedule showing when salaries of Haig Point Utility Company, Inc. employees are paid and pay stubs for three consecutive pay periods for officers and staff.
- 1.17 Provide a schedule detailing the amount of bonuses received by Haig Point Utility Company, Inc. officers, owners and employees during the test year.
- 1.18 Provide a copy of all federal and state income tax returns signed and filed by Haig Point Utility Company, Inc. for tax years 2002, 2003, and 2004. This request includes all supporting schedules and documents, such as 1099s, and the like, whether filed or not.

- 1.19 Provide a copy of the current performance bond on file with the Commission. Identify the Commission criteria used to determine current bond amount. What is the annual cost of maintaining the performance bond?
- 1.20 Provide a copy of the complete customer complaint log detailing all recorded customer complaints for the test year ending June 30, 2004 pertaining to the sewer service.
- 1.21 Provide a copy of the complete customer complaint log detailing all recorded customer complaints for the test year ending June 30, 2004 pertaining to the drinking water system.
- 1.22 Provide detailed calculations of the "Outstanding Debts" listed on the water and sewer operating statements on pages C-1(W) and C-1(S). What is the basis for these amounts? Please explain.
- 1.23 Provide a copy of Haig Point Utility Company, Inc.'s annual report filed with the PSC for the periods ending June 30, 2003 and June 30, 2004.
- 1.24 Are there any lawsuits pending against Haig Point Utility Company, Inc.? If so, provide details of the lawsuits. Are there any outstanding judgments against Haig Point Utility Company, Inc.? If so, provide details of the judgments.
- 1.25 Provide detailed working papers indicating all calculations, rate setting methodology and cost justifications used to derive all proposed water and sewer rates listed in "Work Paper 13."
- 1.26 Provide complete Accounts Receivable ledgers documenting each customer account and all transactions for the test year ending 6/30/2004. Information to be included includes customer number, monthly invoice and payment history, current and previous account balances, late fees/payments, disconnect/reconnect fees/payments, return check fees/payments, and delinquency status.
- 1.27 Provide a copy of any and all covenants and restrictions and amendments thereto for Haig Point Utility Company.
- 1.28 Provide number of commercial and residential customers provided the following services by Haig Point Utility Company as of July 1, 2003:
 - a. water provision
 - b. water distribution
 - c. irrigation
 - d. wastewater collection
 - e. wastewater treatment

- 1.29 Provide number of commercial and residential customers provided the following services by Haig Point Utility Company, Inc. as of June 30, 2004:
 - a. water provision
 - b. water distribution
 - c. irrigation
 - d. wastewater collection
 - e. wastewater treatment
- 1.30 Provide the working papers and documentation of the marginal cost in 5% increments for projections beyond 2005 of “water percent utilized” column in Work Paper 5 of the application (“Customer Growth Projections”).
- 1.31 Provide a copy of most recent Wastewater Plant Facility Evaluation Inspection Report completed by DHEC in support of wastewater treatment permit ND0062286.
- 1.32 Describe the Company’s procedure for collecting Customer Deposits, calculating interest on deposits, and refunding interest and deposits to customers.
- 1.33 Provide the details for the capital structure for debt/equity ratio of 50/50 and the cost of debt ratio of 7.50%. In addition, show the derivation of the equity amount and explain how debt and equity are exactly equal.
- 1.34 Provide the details and reason for the 1/5 Working Capital Allowance.
- 1.35 Does the Company bill for its services in advance or in arrears, or a combination? If a combination, please identify which services are billed in advance and which services are billed in arrears.
- 1.36 Provide reasons for including the Unamortized Balances in the Rate Base (as shown on Schedule B-1). Please list the name and account numbers for the Unamortized Balances.
- 1.37 What is Availability Billing and why is this amount removed from Revenue? Who collects it? What is it used for?
- 1.38 What are the components of the revenue tax rate of 1.12528%?
- 1.39 Provide the computation of the State Tax Rate of 4.066%.
- 1.40 Provide the computation of the Federal Tax Rate of 22.178%.
- 1.41 Explain the terminology “Water Plant in Service at System Build-Out” as shown on work paper 3 of the Company’s application.
- 1.42 Explain the terminology “Projected through Complete System” as shown on the Guastella Associates, Inc.’s cover sheet for Schedules in Support of a Rate Increase.

- 1.43 Provide the basis, contracts, etc. for the 40% allocation of Sewer Treatment Plant to Melrose Utility Company, Inc.
- 1.44 Provide a schedule or work paper showing the sewer plant operating costs that were allocated between Haig Point Utility Company, Inc. and Melrose Utility Company, Inc.
- 1.45 Provide a Detailed General Ledger for the twelve months ended June 30, 2002, 2003, and for test year ended June 30, 2004.
- 1.46 Provide detailed work papers (schedules, payroll, tax documents, etc) for all accounting and pro forma adjustments as shown on Schedule C-2(W) and C-2(S).
- 1.47 Provide the continuing property records to support the water plant in service of \$1,731,215 and sewer plant in service of \$2,628,049.
- 1.48 Provide the schedule or revenue and expenses (trial balance format) for the fiscal year ending June 30, 2004.

May 13, 2005

Wendy B. Cartledge
Florence P. Belser, Esquire
Wendy B. Cartledge, Esquire
Office of Regulatory Staff
P.O. Box 11263
Columbia, South Carolina 29211

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Charleston, SC 29413

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Docket No. 2005-34-W/S

Dear Mr. Walker:

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Data Request in the above-referenced matter.

Please let me know if you have any questions.

Sincerely,

Wendy B. Cartledge

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Enclosure

cc: Charles L.A. Terreni